Managed Competition
Pre-competition Assessment Report
Public Utilities Department:
Customer Support Division, Customer Service Office

March 17, 2011

The Pre-competition Assessment Report was prepared in accordance with the Managed Competition Guide dated July 26, 2010. The report was prepared by the Business Office with assistance from subject matter experts from the Customer Service Office.

Wally Hill

Wally Hill
Assistant Chief Operating Officer

CONTENTS

I. INTRODUCTION

Managed competition is a structured, transparent process that allows public sector employees to be openly and fairly compared with independent contractors for the right to deliver services. This strategy recognizes the high quality and potential of public sector employees and seeks to tap their creativity, experience and resourcefulness by giving them the opportunity to structure organizations and processes in ways similar to best practices in competitive businesses, yet still compatible with public sector realities.

The first step in managed competition is to conduct a Pre-competition Assessment (PCA) to evaluate whether a function is eligible and appropriate for competition. The purpose of this report is to document the PCA of the Customer Service Office (CSO) functions, which include:

> Water/Sewer Utility Billing Services
> Utility Call Center and Customer Care Services
> Water/Sewer Emergency Repair Reporting Services
> Utility Bill First Level Delinquent Account Collections
> Payment Processing Services
> Administration Services for CSO includes the following but are not limited to:

   o Policy and procedure development and maintenance
   o Revenue protection and enhancement
   o Budget and expenditure control
   o Management reporting
   o Staffing and job assignment
   o Coordination of training and career development
   o Administration and business support for the section's core IT systems (customer information and billing system, shared Automated Call Distribution system and Voice Logging system).

The CSO is one section of the Customer Support Division and is one of the services provided by the Public Utilities Department.

II. OVERVIEW OF FUNCTION

A. Background

The Customer Support Division is composed of the following sections: Division Management, CSO, Field Services and Investigations and the division's SAP Implementation Project Team for the implementation of the new SAP Customer Care Solution (CCS). The Division provides high quality customer-focused care and service to Public Utilities Department patrons. The CSO is the City's primary interface with customers using City provided water/wastewater utilities. It is a key resource in an environment where the level and consistency of customer service provided substantially influences customer perception and confidence in the City's ability to manage and deliver high quality utility services. Annually, the section handles and responds to more than 529,000 customer phone calls and emails, produces 2.8 million utility bills and related notices, reviews and resolves 160,000 billing exceptions before sending the bill to the customer and

processes 1.8 million customer payments (over $600 million). In addition, the section provides information to customers on a wide variety of account and billing inquiries, water conservation and water waste complaints and general water/sewer utility information.

The section also administers and provides business support for the department's Aspect Automated Call Distribution system and VoicePrint Call Logging system. These systems provide critical automated call handling/routing, automated attendant, pre-recorded information, Computer Telephony Integration, real-time call center activity information and real-time call recording for the Public Utilities Department customer call center; Office of the City Treasurer parking Administration, Delinquent Account Collections and Business Tax call centers; Environmental Services Department call center. The section also provides payment remittance processing services to the Office of the City Treasurer (Business Tax and Rental Unit Business Tax) and Citywide SAP Accounts Receivable Invoice payments.

The division is currently engaged in the implementation of the New SAP Customer Care Solution (CCS) to replace multiple legacy mainframe systems including the existing Customer Information System (CIS). The new system is scheduled to go into production near the end of FY2011. Several key CSO staff members were temporarily assigned to the project full-time beginning on or before May 2009. These key resources will not return to their normal duties/responsibilities until the system is proven stable and fully functional on or about September 2011.

Figure 1 depicts the organizational structure of the CSO section and highlights the units within the CSO and the various functions performed.
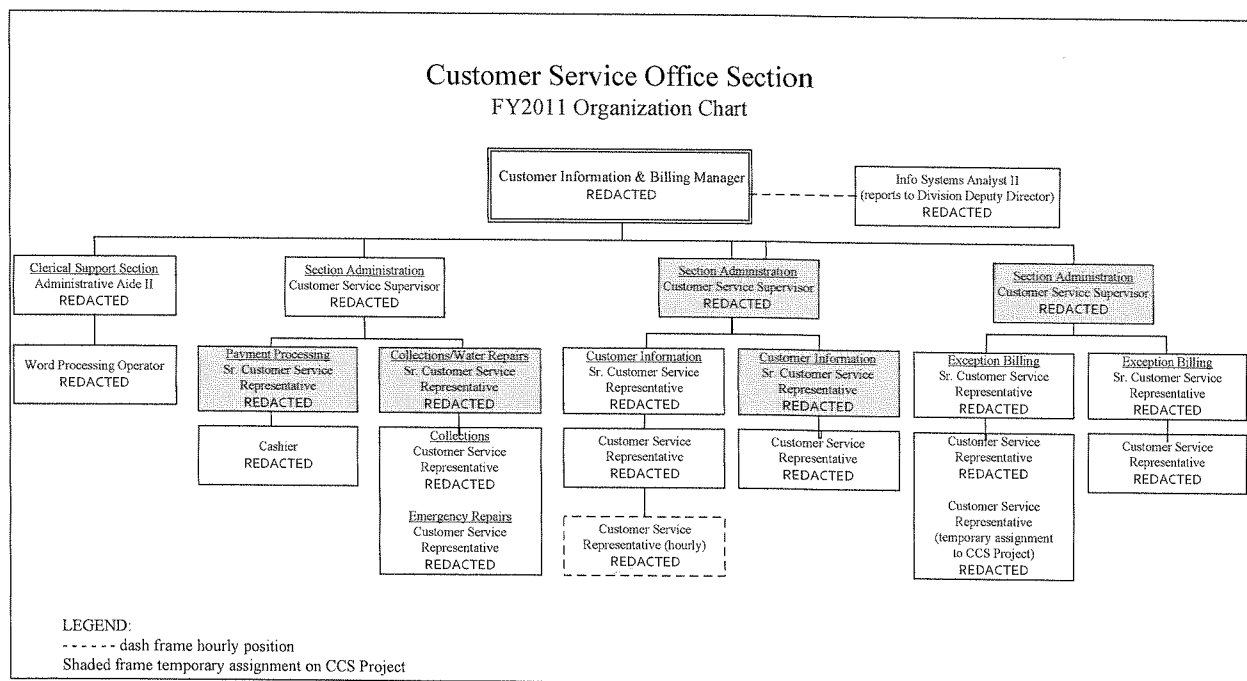

Figure 1: Organizational Chart

The CSO functions are performed by **REDACTED** budgeted Full Time Equivalents (FTE). The labor classifications that perform customer services functions are detailed in Table 1 (below).

Sections	Job Title	Job Number	FY2011 (Budgeted)
Section Administration and Clerical Support	Customer Information & Billing Manager	20000801	
	Customer Service Supervisor	20000366	
	Administrative Aide II	20000024	
	Word Processing Operator (WPO)	20000756	
Customer Information (Call Center) / Emergency Repairs	Senior Customer Service Representative	20000898	
	Customer Service Representative	20000369	
	Customer Service Representative-Water Repair	20000369	
	Customer Service Representative – Hourly	90000369	
Exception Billing	Senior Customer Service Representative	20000898	
	Customer Service Representative	20000369	
	Information System Analyst (ISA) II	20000290	
Payment Processing	Senior Customer Service Representative	20000898	
	Cashier	20000266	
Collections/ Emergency Repairs	Senior Customer Service Representative	20000898	
	Customer Service Representative-Water Repair	20000369	
	Customer Service Representative	20000369	
Sections			

Table 1: CSO Staffing[1]

B. Scope of Work and Grouping of Tasks and Activities

A critical step of the PCA process involves 'scoping and grouping,' defining the activities and tasks that comprise a function and determining whether they are suitable for competitive procurement together, individually, or not at all. A high-level Work Breakdown Structure (WBS) is provided as Table 2.

#	Function	Brief Description
1	**Section Administration**	The Customer Support Division handles and responds to more than 529,000 customer phone calls and emails annually including account/billing inquiries, water conservation information, water waste complaints, and general water/sewer utility information.
1.1	Manages policy and procedure	Handles the development and maintenance of policy and procedure.
1.2	Manages budget	Develops, tracks, and manages the overall budget, expenditure control, and revenue protection and enhancement.
1.3	Manages CSO staff	Handles staffing and job assignment, communicates and coordinates both with CSO group and other sections of the Water Department, and handles coordination of training and career development.

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[1] Source: City of San Diego FY2011 Adopted Budget Book (Department Detail, Volume II).

1.4	Manages the Customer Information System	Administers and maintains the Customer Information System (CIS).
1.5	Manages reporting	Develops, tracks, and manages overall reporting for CSO.
2	**Clerical Support**	Provides support to the CSO.
2.1	Manages water billing schedule	Schedules and monitors the water billing work flow schedule, and maintains billing rate schedules.
2.2	Manages supplies	Handles the purchase and distribution of supplies.
2.3	Assists Section Manager/Supervisors	Assists with personnel administration, maintenance and development of policy and procedure, and coordinates and communicates activities between other Customer Support Division groups.
2.4	Manages correspondence and information requests	Prepares investigation response letters, direct payments, print requisitions, purchase orders, performance evaluations, and responds to data requests both internal to CSO and other Customer Support Division groups.
2.5	Manages postage account for mailings	Monitors, reconciles and replenishes USPS postage for billing, invoices, and Proposition 218 notices.
3	**Exception Billing Unit**	Produces, reviews, corrects and adjusts customer invoices.
3.1	Produces customer invoices	Performs accurate and timely billing of services provided to utility customers. Bills and collects all fees and charges. Initiates and enforces collection efforts following City Policy (AR 63.30). Updates customer accounts to reflect information received via written customer correspondence.
3.2	Handles complex billing	Updates customer accounts to reflect information received via written customer correspondence. Reviews and corrects exception bills (High/low, zero consumption, etc). Responds to more complex billing issues involving larger accounts. Reviews and uses Financial Electronic Data Interchange (FEDI) to process payments on government accounts. Assists with adjustments due to billing errors, including back bills and leak adjustments, switched meters, cutbacks and misreads. Monitors and updates specialized accounts such as government and City of San Diego accounts, and fire victim accounts.
3.3	Manages meter changes	Manages meter change entries in CIS. Processes requests for meter controversy test, meter removals/resets, meter exchanges, and removal/addition of fire hydrant meters and backflows using Sewer Water Infrastructure Management (SWIM) and CIS.
3.4	Administers critical shared call center systems	Administers/provides business support for critical call center systems that provide automated call handling/routing, automated attendant, recorded information, Computer telephony integration, real-time call center activity information and real-time call recording for five call centers in three departments (Public Utilities customer call center; Office of the City Treasurer Parking Administration, Delinquent Account Collections and Business Tax call centers; and Environmental Services call center).
3.5	Distributes CSO reports	Conducts daily distribution of CSO reports to staff.
3.6	Responds to customer inquiries (Secondary)	Responds to customer inquiries (during peak periods when call wait exceeds established thresholds in primary queues) regarding account initiation/termination, billing questions (high water bill, low water bill, estimates, balance due, payment address, next bill, etc.), and general service related questions.
4	**Collections Unit**	Handles collections process.
4.1	Manages delinquent accounts	Coordinate collection programs for delinquent accounts with City

		Treasurer staff. Initiate non-payment service termination and service restoration. Collect payments on outstanding bills. Bill and collect all fees and charges. Initiate and enforce collection efforts following City policy (AR 63.30). Follow State law requirements for returned checks and assess applicable fees thereto. Manage accounts in bankruptcy and process bankruptcy documents up to referral to City Treasurer.
4.2	Coordinates with Field Services	Coordinates and dispatches service turn-on and turn-off with Field Services. Track and process work orders. Uses radio and cell phone to maintain contact with field crew. Maintain contact with outside payment agencies.
4.3	Supports other CSO groups	Provides support to the Customer Information (main Call Center) and Water Repair Section on an as needed basis.
4.4	Responds to customer inquiries (Secondary)	Responds to customer inquiries (during peak periods when call wait exceeds established thresholds in primary queues) regarding account initiation/termination, billing questions (high water bill, low water bill, estimates, balance due, payment address, next bill, etc.), and general service related questions.
5	**Emergency Repair**	Handles emergency water repairs.
5.1	Handles emergency water and sewer repair phone calls	Reports and prioritizes emergency repair issues received via telephone such as water main breaks, service leaks, valve leaks, hydrant knock-overs, highline leaks, pressure problems, etc.
5.2	Coordinates with other Water Department groups	Reports accurate situation regarding water emergencies to field repair and Water Operations group, and coordinate continuation of service after repairs are completed.
5.3	Responds to customer inquiries (Secondary)	Responds to non-emergency customer inquiries (during peak periods when call wait exceeds established thresholds in primary queues) regarding account initiation/termination, billing questions (high water bill, low water bill, estimates, balance due, payment address, next bill, etc.), and general service related questions.
6	**Customer Information Section/ Call Center**	Handles customer phones calls, emails, account/billing inquiries, water conservation information, water waste complaints, and general water/sewer utility information through all media channels.
6.1	Responds to customer inquiries (Primary)	Responds to customer inquiries regarding water/sewer utility information, billing exceptions (high, low, or estimates) and billing (balance due, payment address, date of next bill, etc.). Negotiates and sets-up deferred payment plans. Assists customer with Online Bill Payment system (IPAY) and direct debit.
6.2	Maintain customer accounts	Maintains and updates customer accounts and provides account histories. Maintains and modifies database with all customer information relevant to the Department's operations including but not limited to consumption and consumption history, customer account classification, billing address, service address, account number, payment history, and customer.
6.3	Establishes and terminates services	Processes service open/close requests, calculates and collects required security deposits. Processes 3rd Party notification requests.
6.4	Reviews and investigates customer issues	Initiates account investigations, explains leak adjustment policy and how to do a home leak test. Identifies errors (misreads) and cancels/rebills customer accounts in CIS.
6.5	Estimates consumption and adjusts customer bill when appropriate	Processes automatic/manual consumption estimates based on customer use pattern. Processes leak and billing adjustment consistent with relevant billing policies and procedures.

6.6	Initiates account investigation	Creates service/repair investigations and work orders. Reviews customer request investigations before routing to the field.
6.7	Manages front counter	Assists walk-in customers by responding to inquiries, researching customer disputes and processing payments. Accepts water bill payments, handles opening/closing utility account and provides general water/sewer utility information.
6.8	Responds to billing exception, collections and emergency repair calls (Secondary)	Responds to customer inquiries (during peak periods when call wait exceeds established thresholds in primary queues) regarding more specialize billing issues, late payment collections and water/sewer emergency repairs
7	**Payment Processing Unit**	Processes payments, handles daily deposits, and reports daily cash receipts.
7.1	Process payments	Receive, open, sorts and processes payments from all payment channels (mail, walk-in, online, ACH, payment agency, City cashier, etc.) through the use of the Wausau remittance processing system. Makes and retains electronic copies of all checks/payment stubs received for at least 3 years. Maintain and properly dispose of documents containing consumer sensitive identity information.
7.2	Research and correct errors	Research and correct misapplied cash (posting errors). Process and maintain daily reports of payment processing activities. Research and respond to customer on payment issues.
7.3	Deposits payments	Process and deposit to the City's bank all customer payments within same business day of receipt. Provide accurate accounting for payments received and processed, deposit all monies in designated accounts at approved banking institutions in accordance with established City policies. Prepares daily deposit for armored car pick up. Prepares and processes daily deposit upload to SAP

Table 2: Work Breakdown Structure

In summary, the information provided for the CSO functions are grouped into seven distinct sections, ensuring quality, reliability, and sustainability of water and wastewater services for the benefit of the ratepayers and citizens served.

III. ANALYSIS OF ELIGIBILITY AND APPROPRIATENESS FOR COMPETITION

The PCA report should evaluate the eligibility and appropriateness for competition according to the following criteria:

- Inherently Governmental Determination - Is the function inherently governmental or task is "so intimately related to the exercise of the public interest as to mandate performance by City personnel"
- Legal Limitations - Are there are legal restrictions regarding a function, activity or task being competitively procured
- Availability of Alternatives – Does a sufficient market exist and would the City would be likely to receive at least two proposals
- Efficiency & Economic Gain – Could savings be achieved through competitive procurement

- Risks to Competition - Are there risks to competition (including service interruption, financial liability and damage to public trust or welfare) and how could the risks be mitigated (e.g., in the event of default)
- Workload, Performance and Property Data – Do we currently have the information required to conduct a competition?

These criteria provide the framework for assessing the eligibility and appropriateness for the CSO functions to proceed to competitive procurement immediately or at a later date.

A. Inherently Governmental Determination

According to the Managed Competition Guide, inherently governmental functions are defined as "those services so intimately related to the exercise of the public interest as to mandate their performance by City employees."

Based on initial research other jurisdictions/agencies such as Metropolitan Sewer District of St. Louis (MO), Seattle Public Utilities (WA), Meadeville Area Water Authority (PA) to name a few, have outsourced customer service functions. Additionally, the City of Imperial Beach currently outsources their water distribution and water billing through California American Water Company. The California American Water Company operate as regulated utilities in 19 U.S. states, which means that they follow regulations that are set by local authorities, as well as federal standards. They currently operate in 35 states and Manitoba and Ontario, Canada. The City of San Diego concept of inherently governmental is consistent with the local and federal definition. The CSO function is not an inherently governmental function as determined by the Mayor.

B. Legal Limitations

The Office of the City Attorney has reviewed potential legal limitations, including the City Charter and Municipal Code. The City Attorney has not identified any legal prohibition on allowing an outside entity to perform these functions. However, any savings realized by this competition would return to the relevant enterprise department fund. Such savings may be absorbed by augmenting DRES funds or rate stabilization funds.

C. Availability of Alternatives

Another important element of the competition criteria is identifying whether a potential market exists for the function under review. The Managed Competition Guide requires that at least two independent service providers submit technically acceptable proposals to a Request for Proposals (RFP) or the Managed Competition Independent Review Board will not recommend awarding a contract to an independent contractor.

A list of contractors and/or any other service providers both public, private and government entities is listed below in Table 3. Their history with other municipal entities demonstrates that they may have the capability and interest in providing similar scope and depth of services for the City of San Diego. We have also identified potential local municipalities and vendors who may bid out individual functions and subcontract work to fulfill the scope of services required, such as Vertex, The California American Water Company, and City of Imperial Beach.

Service provider	Description	History of providing services to governmental entities
Vertex	(Formerly Orcom) A leading provider of outsourced customer care and billing services for water, wastewater, gas and electric utilities.	Metropolitan Sewer District of St. Louis (MSD), MO
California American Water Company	California American Water Company offer the following services: water service and delivery; asset acquisition (includes purchase of treatment facility and pipeline maintenance and upgrades, water quality testing, customer service, meter reading, and billing and collections services); bulk water sales; and safe treatment and release of wastewater. California American Water Company is the parent company to nineteen state subsidiaries: *AZ American Water; CA American Water; HI American Water; IL American Water; IN American Water; IA American Water; KY American Water; Long Island American Water; MD American Water; MI American Water; MO American Water; NJ American Water; NM American Water; OH American Water; PA American Water; TN American Water; TX American Water; VA American Water; and WV American Water*	City of Imperial Beach (CA), Seattle Public Utilities (WA), Meadville Area Water Authority (PA), Pineville Utility Commission (KY), Spruce Pine (NC), Fillmore (CA)
Helix Water District	Helix operates as a public agency under Irrigation District Laws of the State of California. The District is governed by a Board of five Directors elected to four-year terms by registered voters in the divisions in which they live.	City of La Mesa, City of El Cajon, City of Lemon Grove, the community of Spring Valley, and various unincorporated areas near El Cajon.
City of Imperial Beach	Interested in providing, purchasing, and jointly providing Water (customer support: water & sewer billing, call center operations). Outsourced services: Water distribution and water billing provided by California American Water Company through franchise agreement (approximately through 2020).	Regional Consolidation of Services Survey
City of El Cajon	In-house service: Sewer billing by the Finance Department. Outsourced services: Water distribution and water billing provided by Helix Water District.	Regional Consolidation of Services Survey
City of Solana Beach	City of Solana Beach manages their sewer and storm drain services through a Joint Power Authority (JPA) with the City Encinitas (no billing and call center component, billing for sewer and storm services is attached to the owner's property tax). Outsourced services through two agencies: 1. 95% of the water service is provided by Santa Fe Irrigation District (SFID) 2. 5% of the water service is provided by Olivenhain Municipal Water District.	Regional Consolidation of Services Survey

Table 3: Possible External Service Providers

D. Efficiency & Economic Gain

Current Service Levels

The current standards displayed in Table 4 are what the CSO has formulated and are also included in the Customer Support Division's Bid to Goal (B2G) Pay for Performance Program. The BTG program was piloted by San Diego's Metropolitan Wastewater Department (MWWD) in 1998 to improve efficiency and effectiveness. B2G has since expanded to include all Wastewater, Water Operations and Customer Support employees.

In 2002, the B2G program was recognized by the San Diego County Taxpayers Association with a Golden Watchdog Award. The program was also named a finalist in the 2002 Harvard University's JFK School of Government Innovations in Government Award. A recently completed review of the program by the Office of the City Auditor (OCA) substantiated over **REDACTED** savings by the Water and Wastewater Departments while under B2G.

The program has optimized results for ratepayers by leveraging the best features of both the public and privates sectors:

Public Sector Benefits
- Control of valuable public-funded infrastructure
- Avoidance of for-profit conflict with health and safety services
- Retention of savings from workforce productivity gains

Private Sector Benefits
- Mutual accountability of formal agreements
- Competitive budgets
- Employee performance incentives

Consistent with the foundation of the B2G program, the Customer Support Division prepared a 5-year bid to perform its specific functions in competition with a private market independent cost estimate to provide the same services beginning in FY2007. Those services included the functions currently provided by the CSO section which are the subject of this PCA report. The division's bid for providing the services was lower than the private market independent cost estimate. The division has consistently provided the services included in the bid at less than the bid amount achieving total savings of **REDACTED** through the end of FY2009.

#	Customer Service Office (CSO) Current Measures	Current Service Level[2]
1	Average number of days to complete customer-requested investigations, including notification back to the customer.	Goal 8 days / Actual 7.4 days
2	Percentage of Call Center and Water Repair Staff Availability.	Goal 85% / Actual 85%
3	Percentage of Incoming US mailed remittance processed within the same business day.	Goal 96% / Actual 96%
4	Percentage of Customer Complaints resolved in = 13 Business Days.	Goal 92% / Actual 79%
5	Percentage of bills issued within 3 business days of receipt of actual read.	Goal 100% / Actual 98%
6	Process and deposit customer payments to the City's bank within the same business day of receipt.	Goal 70% / Actual 96%
7	Percentage of electronic copies made of checks and payment stubs received from customers and retained for 3 years.	Goal 100% / Actual 100%
8	Percentage of water repair and emergency phone calls responded to within 30 seconds of receipt during business hours.	Goal 85% / Actual 79%
9	Answer customer information calls within 60 seconds of receipt.	Goal 75% / Actual 55%
10	Percentage of payments collected on outstanding bills within 2 years of billing	Goal 98% / Actual 100%
11	Percentage of value of service billed collected within 12 months	Goal 96% / Actual 96%
12	Percentage of Business & Rental Unit Business Tax and SAP AR Invoice remittances processed within one (1) business day of receipt	Goal 100% / Actual 90%

Table 4: Current Service Levels

Economic Gain

The economic gain analysis is aimed at determining whether there is a possibility that economic gains could be realized through a competitive procurement process, recognizing that actual information cannot be known until competitive procurement is undertaken. The determination is based on comparing the cost of performing the function by City forces with the cost of purchasing the same level of service from an outside entity.

On July 1, 2009, the Water Department and Wastewater Department was consolidated to form the Public Utilities Department. Prior to this joint effort, both departments separately managed the Water and Wastewater Systems since July 1, 1996. The City Council retains the authority to approve the Public Utilities Department's budget, to set rates and charges of the Water and Wastewater Systems and to approve execution of certain contracts.

The baseline cost estimate from the Budget Summary Reports for Fiscal Years (FYs) 2010 – 2011 served as a foundation for this assessment. Included in the baseline cost estimate are both budget and actual expenditures for the current and last completed fiscal year (current fiscal year is projected expenditures which are annualized to provide a comparable frame of reference). In FY2010 the CSO was fully budgeted within the Water Enterprise Fund with 50% of expenditures reimbursed by the Municipal Wastewater Enterprise Fund through a service level agreement. In FY2011 the section's expenses are budgeted/funded equally by both the Water Enterprise Fund and the Municipal Wastewater Enterprise Fund (50% of expenses allocated to each fund). Table 5 details the baseline cost estimate for the CSO Section.

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[2] Source: Items 1-4 are from the Customer Support Division *Pay for Performance Goals Annual Report FY2010*; Items 5-11 are from the Customer Support Division *Memo - Bid to Goal Program Determination of Substantial Conformance* dated October 8, 2010; Item 12 is from the Public Utilities Department FY 2011 SLA for providing payment remittance processing services to the Office of the City Treasurer.

Customer Service Office (CSO) & Billing	Fiscal Year 2011		Fiscal Year 2010	
Fund Center 20131211	Budget	Projected	Budget	Actual
EXPENDITURES				
Total Personnel Expense (PE) costs				
Salary				
Fringe				
Overtime				
Other Pay				
Other Department Support Staff				
Non-Personnel Expense (NPE) costs				
Supplies and materials costs				
Services (contracts)				
IT Expenses Committed				
Discretionary IT Expenses Non-Committed				
Other Citywide IT Expenses (Non-SDDPC)				
Non-Discretionary IT Fixed-Cost Allocation				
Other				
Travel costs				
Total Expenditure				
REVENUE (if applicable)				
Total Revenue				
Water Sales (CIS)				
Reimbursements between Funds/Departments				
BALANCE				

Table 5: Customer Service Office Section Baseline Cost Estimate

The Metropolitan St Louis Sewer District (MSD) selected an outside contractor to provide a similar customer care services (customer billing, call center, payment processing and collections) through a competitive process in FY2002. That contract was recently extended providing some up-to-date data for comparison. MSD did not outsource the full range of services currently provided by the CSO section. For instance, MSD's call center contractor handles calls, correspondence and voice messages from customers with questions about their MSD bill only[3]. Calls related to collections, delinquent accounts or MSD's sewer services are routed back to MSD staff to handle directly. In FY2010, the CSO provided payment processing services at an actual cost of **REDACTED** or **REDACTED** per customer account. MSD's budgeted expense for payment processing lockbox services was **REDACTED** or **REDACTED** per customer account.

More aggressive pricing may be offered by contractors proposing to take on the entire customer services function for the City, based on volume discounting. Based on the information collected,

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[3] Service Agreement dated July 25, 2003 between Vertex (formerly Orcom Solutions, Inc.) and Metropolitan St. Louis Sewer District.

it is uncertain whether additional savings will be achieved if some functions are competitively procured; it can only be determined by conducting a competition.

E. Risks to Competition

Risk analysis considers the degree to which contracting out a function would expose the City to risk or liability, including service interruption, health and safety issues, financial liability, and damage to public trust.

The CSO PCA identifies seven (7) potential risks to competition:

1. Contractor default (service interruption) – This is a low level, medium impact risk which can be partially mitigated by imposing strict bond requirements on the contractor. However, it is unlikely that bond requirements could exceed the contract value. In addition to other customer service impacts, a contractor default would likely disrupt customer billing and payment processing functions and thereby directly impact utility revenue/cash flow. A detailed plan for expeditiously transfer billing and payment processing services to an alternative or back-up service provider should be developed and regularly updated to minimize any service interruption.

2. Quality of life (health and safety issues) – This is a low level, low impact risk which would apply to either employee-performed services or those provided through an independent contractor. They can be mitigated by specifying in the Statement of Work (SOW) all requirements for Customer Support (including water and sewer billing, call center operations and payment processing). The most important requirements related to this risk will be associated with ensuring that emergency repair calls are processed effectively/timely and service restoration orders (after non-payment interruption) are dispatched to the field as soon as payment is received.

3. Increased cost to City based upon Customer Support policies and procedures (financial liability) – This is a medium level, medium impact risk, which applies to both employee-provided services and those provided by independent contractors. It can be mitigated by specifying in the SOW all requirements and costs for maintaining city policies and procedures at desired levels. Identifying and including all necessary requirements will be more challenging given the fact that the department will complete the implementation of the new SAP CCS system for utility billing and customer care on or about June 1, 2011. This business transformation effort will result in significant changes to existing processes and procedures in the CSO section related to these functions. In addition, services can be billed retroactively for up to three years. Like existing City staff, a contractor performing these functions will be required to understand and use the new system, existing CIS system/data and the associated policies and procedures to calculate retroactive bills.

4. Increased cost to City based on City requirements limiting competition (financial liability) – This is a low level, low impact risk associated with the City's likely requirement that work be performed using the City's new SAP CCS customer information and billing system. Some Contractors may not be positioned to perform the work directly using a client's system. This can be partially mitigated by allowing

contractors to integrate their own systems to the new SAP CCS system. However, the contractor and City cost of such extensive integration cost may prove cost prohibitive.

5. Perceived conflict of interest between City employees and private vendor (damage to public trust) – This is a low level, low impact risk which can be mitigated by imposing strict performance standards and operating policies/procedures expected of City employees. In addition, customer satisfaction surveys should be conducted to poll the quality of service provided.

6. Mismatched goals, objectives and incentives (financial liability) – This is a low level medium risk that may be mitigated by structuring the SOW and contract in a manner which will provide greater incentives for achieving or disincentives for not achieving broader City goals and objective. For example, in the interest of ratepayer's, it is the City's goal to implement improvements across the organization which reduce the number of utility customer phone calls received and thereby eliminating the expense associated with those calls. However, under poorly structured agreement, reducing customer calls may be inconsistent with the contractor's financial interests giving little incentive to the contractor to reach the broader City goal. In addition, achieving such goals requires strong coordination across various organizational boundaries. A contractor may not be able to coordinate efforts effectively with other City organizational units or contractors associated with a particular end-to-end service.

7. Discontinuity of service (transition) - This is a high level, medium impact risk that can be mitigated by clearly identifying a detailed transition plan specifying the priorities of all customer service related activities through a Service Level Agreement (SLA), emergency operations requirements by the contractor and a no strike clause in the contract. Nevertheless, any contractor default which results in a disruption of service (See Risk No. 1 above) such as delay in payments, may have critical financial consequences.

F. Workload, Performance, and Property Data Assessment
Workload, performance, and property data are critical to developing a Statement of Work (SOW), should a function move to competitive procurement. The range and depth of workload/performance/property data that are available (or not) also are important factors in determining a future competition schedule. In conducting this assessment, the following criteria were evaluated to establish the current level of data available.

Question	Explanation	Status
Does workload data exist for the function for the last fiscal year?	Indicates whether or not the annual workload for the function is available or easily obtainable. For some functions, there may not currently be a formal collection process for workload information. For those functions, a data collection mechanism and process will need to be defined and developed.	Yes[4]
Is workload tracked using an automated system?	Identifies any records, spreadsheets, logs, or other tracking mechanisms that are currently used to collect workload data.	Most
Has workload been tracked for at least the last three years?	Indicates whether workload is changing or is relatively consistent from year to year. Workload that is increasing, decreasing, or fluctuating from year to year might affect the amount of data and level of effort that will be required to estimate workload.	Yes[5]
Is workload tracked consistently?	Identifies whether tracking systems are collecting workload output data in a timely and accurate fashion. A determination must be made regarding the overall reliability of the data tracked in the existing systems.	Yes
Can workload be accurately projected into the future?	Examines whether collected data is sufficient to ensure the future statement of work accurately addresses the function's true requirements and limits the potential for modifications.	Yes[5]
Is the performance level of the City workforce actively tracked?	Identifies whether adequate performance information is available to determining the level of performance in a future competition.	Yes
Is there a property tracking system?	Identifies whether government property is properly tracked in order to maintain proper inventory control and determine its disposition in a potential competitive procurement.	Yes

Table 6: Workload, performance & property data assessment

The result of the workload, performance, and property systems assessment for CSO is that a system is available for all workload, performance and property data associated with the current CIS system and related processes/procedure. However, workload and performance data associated with the new SAP CCS system slated for implementation on June 1, 2011 will not begin to be captured until that date. In addition, many associated processes and procedures will be added, modified, or deleted as a result of this business transformation project.

The current CIS, Business Repository of Operational Knowledge (BROOK) data warehouse, Aspect automated call distribution system, USPS business gateway/customer portal, Wausau

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[4] Workload/Performance data is available from the current CIS system for current processes and procedures. However, workload/performance data associated with new/modified processes and procedures that will be implemented with the new SAP CCS system later this fiscal year.

[5] Workload is generally stable and relatively predictable. However, a decision to implement Advanced Metering Infrastructure and or other unanticipated large impact project could significantly influence workload trends.

remittance processing system and New SAP CCS system can now provide the detailed relevant information needed to complete the SOW based on how work is currently performed. At a future date, the systems will also be able to provide the detailed relevant information to complete the SOW based on how the work will be performed in the new system. The data systems are evaluated at Level IV according to the PCA data call, which states that a system is available for all workload and workload counts are considered accurate and reliable (with very few data entry errors).

IV. CONCLUSION

As determined through this pre-competition assessment, the CSO is deemed to be eligible and appropriate for competitive procurement. The pre-competition assessment team determined that it:

- Is not inherently governmental;
- May not be limited, legally, from being procured from an outside source, as long as asset ownership transfers are not involved;
- May be procured from an established competitive market;
- Does not face significant risks that cannot be mitigated through the contracting process;
- Has potential to realize economic gain.